

**IJEBA: International Journal of Economic, Business and Applications**

p-ISSN: 2477-1244, e-ISSN: 2477-1236 DOI:

<https://dx.doi.org/10.31258/ijebe.6.1.11-18>

Received: March 4th, 2021; Accepted: May 30th, 2021

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**The Effect of Competence and Utilization of Information Technology on Tax Auditor Performance with Motivation as Variable Moderation Soraya Khairani, Vince Ratnawati, and Andreas**

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**ABSTRACT:** *This study has several objectives. First, it analyzes the effect of competence and utilization of information technology on tax auditors' performance. Second, analyze the influence of competence and utilization of tax auditors' information technology, moderated by motivation. This research population is 166 tax auditors in the Riau Directorate General Regional Office environment, as many as 153 people, and the sampling method is saturated samples. Data processed is primary data obtained by processing questionnaire data. Data processed is primary data obtained by processing questionnaire data and analyzed using the Smart PLS Version's help. 3.2.8 Program. The study results prove that information technology competence and utilization have significantly affected the tax auditors' performance. The last, motivation moderates the effect of competence and utilization of information technology on tax auditors' performance.*

**Keywords:** *tax auditor's performance, competence, utilization of information technology, motivation.*

## INTRODUCTION

In carrying out national development, a country needs many sources of funds. The funds were obtained from various income sources, including taxes, natural resources, State Own Enterprises operations, grants, and debt. Data from the Ministry of Finance ([www.kemenkeu.go.id](http://www.kemenkeu.go.id)) revealed that the realization of tax revenue in 2018 was Rp. 1,315 Trillion (92.3%) of the APBN target for taxes Rp. 1,424 Trillion. Whereas for 2019 to 30 August 2019, the tax realization was Rp. 801.16 Trillion (50.8%) of Rp's tax revenue target. 1,577 Trillion.

The tax collection system currently adopted is the Self-Assessment System, where taxpayers are given the trust to carry out their tax obligations, such as counting, calculating, and paying their tax due from the taxpayer. In implementing the Self-Assessment System, the Directorate General of Taxes can conduct supervision, service, guidance, and taxation sanctions. One of the supervision is conducting a tax audit on taxpayers so that the tax auditor's role is crucial in determining tax revenue achievement.

However, at this time, the performance of tax auditors is not optimal. This condition can be seen from one of the indicators in assessing tax auditors' performance related to completing the audit report (RER/ Result of Examination Report) in 2015 to 2017, which still has not met the target. Data in 2015 showed that the audit report's target (RER/Result of Examination Report) was 43,709 RER, but the realization was only 33,612 RER. In 2016, the target of completing the audit report of 40,028 RER had been fulfilled, where the realization reached 41,143 RER. However, in 2017, the completion report (RER) target of

59,880 RER was not fulfilled, where the realization only reached 52,466 RER. The following are also data related to the number of Tax Assessment Letter (SKP/TAS) submitted objections from 2015 to 2017. The SKP/TAS submitted for objection in 2015 were 1,611 SKP/TAS. In 2016 there were 10,804 SKP/TAS, and in 2017 there were 9,335 SKP/TAS. Nationally, there are still many tax assessment letters that have been submitted objections by taxpayers from 2015 to 2017. The high number of objections filed shows that taxpayers still see loopholes in the provisions issued by tax auditors.

This situation could have been caused by a high enough revenue target for the tax auditor. The tax auditor would try to make a high tax correction to pursue revenue, ignoring the objectivity factor and the audit evidence's quality (Darosi, 2009). For this reason, a good tax auditor competency is needed to improve the quality of the audit results so that the provisions issued are acceptable to taxpayers. Utilizing good information technology can also help tax auditors process the data better and more accurately to improve audit results. As the tax audit's spearhead, the auditors should be supported with a balanced ability, willingness, and experience to conduct audits to achieve maximum performance. These three things reflect the tax auditor's competency that each tax auditor should have, which is expected to provide work following the mission carried out by the Directorate General of Taxes.

Research on auditors or tax auditors that have been carried out includes Kristiyanto's (2014) research and Darosi's (2009). Kristiyanto's research (2014) showed that competence has a significant effect on tax audit quality. Darosi's (2009) research showed that competence has no significant effect on the quality of tax audits. Another factor that can affect the performance of tax auditors is knowledge of the development of information technology. The development of information technology will affect the role of tax auditors with increasingly high demands. The utilization of information technology will significantly assist the auditors in supporting smooth auditing activities and produce higher quality audit reports (Bierstaker et al. 2001).

The Directorate General of Taxation continues to carry out digital transformation to improve service quality and increase taxpayer compliance supervision effectiveness. The form of tax reform is in the form of information technology modernization taxation. Since 2005 Directorate General of Taxation through the Directorate General of Taxation Decree Number KEP-05/PJ/2005 began implementing e-filing. This condition shows that information technology is constantly being updated from time to time, so it is expected that human resources who use it can maximize information technology utilization. Understanding information systems will help tax auditors determine appropriate audit procedures that can reduce the complexity of auditing activities, reduce the pressure caused by limited time and help inexperienced tax auditors (Bierstaker et al. 2001).

No matter how good a person's ability, it does not produce a good performance if they are not accompanied by high encouragement/spirit. Employees with high work motivation will show high performance, enthusiasm, passion, and effort power, while low employee motivation will be the opposite (Setyani & Sapuan, 2010). The selection of competency variable is due to Spencer, and Spencer (1993) revealed that competency was a fundamental characteristic of individuals that results in effective and superior performance in a job or situation. Furthermore, the utilization of information technology variable used refers to technology readiness (readiness to utilize the technology) according to Parasuraman (2000) about people's tendency to embrace and use technology to achieve goals at home and work. As for the motivation variable, Maslow (1994) explained that humans have the basic needs that must be met. It causes a person to meet the more basic needs (physiological) before directing the behavior towards the highest needs (selfactualization).

This study's difference with previous research is the location in this research sample in all tax auditors registered at KPP in Riau Province, including the Regional Office of Riau's Directorate General of Taxation.

Based on the explanation that occurs in the background above, the author is interested and motivated to research with title "The Effect of Competence and Utilization of Information Technology on the Performance of Tax Auditors with Motivation as Variable of Moderation."

## **LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT Competence**

According to Spencer & Spencer (1993), competence is defined as characteristics that underlie a person related to the effectiveness of individual performance in his work or essential characteristics of individuals who have a causal relationship or as a cause and effect with criteria used as a reference, practical or excellent even superior performance in the workplace or a specific situation. Moeheriono (2010) revealed that competence was in every human being's interior and will be forever in one's personality; it can predict behavior and performance widely in all situations and work assignments.

According to Rudaedi (2013), in carrying out the duties and functions as an employee of the Directorate General of Taxation, it needs human resources (HR) who have high competence. The research results proved that the level of understanding of financial accounting and professionalism affected the completion of tax audits.

### **H1: Competence affects the performance of tax auditors.**

#### **The utilization of Information Technology**

According to McKeown in Suyanto (2005), information technology referred to all forms of technology used to create, store, change, and use information in all its forms. Another theory also expressed by Williams in Suyanto (2005) information technology was a general form that describes each technology that helped produce, manipulate, store, communicate, and or convey information.

Parasuraman (2000) developed the Technology Readiness Index (TRI) to measure people's tendency to embrace and utilize new technology to achieve home and the workplace (Parasuraman 2000). Previous studies have found that a combination of positives and negatives beliefs about technology underlies the domain of technological readiness (Dabholkar 1994). Parasuraman (2000) categorized positive and negative beliefs about technology into four different technological readiness dimensions; they were:

- a. Optimism
- b. Innovation
- c. Discomfort
- d. Insecurity

According to Wijana (2007), the utilization of information technology was a benefit expected by users of information systems in carrying out their duties or behaviors in using technology when performing assignments.

### **H2: The utilization of information technology affects the performance of tax auditors. Effect of Competence on Tax Auditor Performance with Motivation as Variable of Moderation**

According to Darsono and Tjatjuk (2011), competence was a combination of skills, knowledge, creativity, and a positive attitude towards specific jobs manifested in performance. Competence is the character of a worker who can produce the best performance compared to others. Competence is a crucial determining factor for someone in producing excellent performance. In a collective situation, competence is a vital determinant of an organization's success.

Providing proper motivation can lead to enthusiasm, passion, and sincerity of work in a person. Increased enthusiasm and willingness to work voluntarily will result in better jobs, thus increasing work productivity. Siagian (2011) defined work motivation as a driving force for someone to contribute as much as possible to the organization's success to achieve its goals. Understanding that the achievement of organizational goals means the members' personal goals the organization concerned are achieved.

In completing the tasks given, each tax auditor experienced various obstacles that they have passed, both technical and non-technical obstacles. To improve auditors' performance, they should be motivated to lead to a high desire to work and enthusiasm for work to achieve the Directorate General of Taxation's objectives.

### **H3: Motivation moderates the effect of Competence on Tax Auditor Performance Effect of Utilisation of Information Technology on Tax Auditor Performance with Motivation as Variable of Moderation**

The utilization of information technology is the behavior/attitude of tax auditors using information technology to complete tasks and improve their performance. According to Thomson et al. (1991) in Wijana (2009), the utilization of information technology was the expected benefits by users of information systems in carrying out their duties or behavior in using technology when doing work. The utilization of appropriate information technology and supported by the person who operates it can improve company performance and the individual's performance.

According to Robbins & Judge (2008), work motivation is defined as a willingness to spend a high level of effort towards organizational goals, conditioned by these efforts' ability to meet an individual's needs. Motivation is important because motivation is the thing that causes, channels, and supports human behavior so that they want to work actively and enthusiastically to achieve optimal results. For every tax auditor, having motivation can be a spirit in spurring and fostering enthusiasm at work.

### **H4: Motivation moderates the effect of Utilisation of Information Technology on Tax Auditor Performance**

#### **B. RESEARCH METHOD**

This study's population is all tax auditors in all tax offices registered at the Riau Regional Tax Office. The sampling technique in this study uses the saturated sampling method. Saturated sampling is a sampling technique when all members of a population are used as a sample.

The sample used in this study were all tax auditors in all tax offices registered at the Riau Regional Tax Office. In total, there were 166 auditors from each research location. This study uses primary data collected using questionnaire data collection techniques regarding tax auditors' performance. The research hypotheses testing is carrying out with a Partial Least Square (PLS) based Structural Equation Model (SEM) approach.

#### **Definition of Operational Definitions of Variables Competence (X<sub>1</sub>)**

According to Spencer & Spencer (1993), competence is defined as characteristics that underlie a person related to the effectiveness of individual performance in his work or essential characteristics of individuals who have a causal relationship or as a cause and effect with criteria used as a reference, practical or excellent even superior performance in the workplace or a particular situation.

Measurement of competency variable is measured using an instrument developed by Spencer & Spencer (1993), consisting of 5 indicators with 18 question items. The measurement scale used is a Likert scale.

#### **The utilization of Information Technology (X<sub>2</sub>)**

According to technology readiness (readiness to use technology), the utilization of information technology (readiness to Parasuraman (2000) was people's tendency to

embrace and use technology to achieve goals at home and workplace. Parasuraman (2000) categorized positive and negative beliefs about technology into four different technological readiness dimensions; they were:

- a. Optimism
- b. Innovation,
- c. Discomfort,
- d. Insecurity

Indicator of utilizing information technology is measured using an instrument developed by Parasuraman (2000) developed by Lazuardi (2013), consisting of 4 indicators with 17 question items. The measurement scale used is a Likert scale.

### **Motivation (Z)**

According to Hasibuan (2008), work motivation was capital in moving and directing employees or workers to carry out their respective duties in achieving goals with full awareness, enthusiasm, and responsibility. In Maslow's theory, it is stated that human needs are composed of a hierarchy. The lowest level of needs is the physiological needs, and the highest is the need for self-actualization.

Indicators of motivation are measured using an instrument developed by Maslow in Mangkunegara (2009), consisting of 5 indicators, and each indicator consists of 2 questions with a total of 10 question items. The measurement scale used is a Likert scale.

### **Tax Auditor Performance (Y)**

Understanding about performance by Muhlis (2005) was the work of the quality, quantity, efficiency, and effectiveness achieved by an employee in carrying out their duties following their responsibilities. The tax auditor's performance results from the tax auditor's work in a period based on applicable work standards. Worker quantity, worker quality, and timeliness are variables that become parts of the performance concept.

Tax auditor-performance measurement variable is measured based on the Directorate General of Tax Circular Number SE -11/PJ/2017 Concerning Audit Planning, Strategy, and Measurement. Consisting of 9 question items and the measurement scale used is a Likert scale.

## **RESULTS AND DISCUSSION Effect of Competence on Tax Auditor Performance**

The coefficient value of the effect of competence obtained is 0.182 with a t statistic of 2.302 and a P-value of 0.022. These results indicate that the t-statistic (2.302) is more significant than the t table (1.96) or P-value (0.022) is smaller than 0.05. Therefore, it can be concluded that competence has a significant effect on the performance of tax auditors. Obtained positive coefficient numbers mean that the better the competence, tax auditors' performance will also be better and vice versa.

Competence is a characteristic that underlies a person related to the effectiveness of individual performance in his work or essential characteristics of individuals who have a causal relationship or as a cause and effect with criteria that are used as a reference, effective or excellent or superior performance in the workplace or specific situations (Spencer & Spencer, 1993). The competency of tax auditors becomes essential in implementing the Directorate General of Taxation's supervision function. In addition to finalizing considerations in decision-making on audit results, it is also essential to achieve the revenue targets that have been set.

This result is in line with Ratnawati (2020), who revealed the results of her research that the more professional and competent the tax auditor, the better the performance.

### **Effect of Utilization of Information Technology on Tax Auditor Performance**

The coefficient value of the effect of utilization of information technology obtained is

0.498 with a statistical value of 5.308 and a P-value of 0.000. These results indicate that the t-statistic (5.308) is more significant than the t table (1.96) or P-value (0,000) is smaller than 0.05. Therefore, it can be concluded that the utilization of information technology has a significant effect on the performance of tax auditors. Obtained positive coefficient numbers mean that the better the utilization of information technology, tax auditors' performance will also be better and vice versa.

Bierstaker (2001) said the auditor's utilization of information technology would help support smooth auditing activities and produce higher quality audit reports.

In taxation, it is expected that information technology in the modern tax administration system can contribute in terms of tax revenue that allows an increase in tax revenue.

Understanding and utilizing information systems will help the auditor determine the appropriate audit procedures that can reduce the complexity of auditing activities, reduce the pressure caused by limited time, and help inexperienced auditors.

This result is in line with the results of Kristiyanto's research (2014) stated that the utilization of information technology significantly influences the quality of the results of tax audits. The information technology facilitated auditors' work in detecting taxpayer errors, accelerates audit completion and made work more effective and efficient.

### **Effect of Competence on Tax Auditor Performance with Motivation as Variable of Moderation**

The coefficient value of the effect of competence obtained is 0.181 with a t statistic of 2.363 or a P-value of 0.019. These results indicate that the t-statistic (2.363) is more significant than the t table (1.96) or P-value (0.019) is smaller than 0.05. Therefore, it can be concluded that motivation moderates the effect of competence on tax auditors' performance. The coefficient number is positive. It means that the higher the motivation, the stronger the competence influences tax auditors' performance and vice versa.

According to Darsono and Tjatjuk (2011), competence was a combination of skills, knowledge, creativity, and a positive attitude towards specific jobs manifested in performance. Competence is the character of a worker who can produce the best performance compared to others.

In completing the tasks given, each tax auditor experienced various obstacles that they have passed, both technical and non-technical obstacles. To improve auditors' performance, they should be motivated. They will lead to a high desire to work and enthusiasm for work to achieve the Directorate General of Taxation's objectives.

Providing the right motivation can encourage employees to improve their performance. As stated by Siagian (2014), this result is that employees would be encouraged to do as much as possible in carrying out their duties with the right motivation.

This result is in line with what was conveyed by Mangkunegara (2009). There was a positive relationship between high achievers and performance achievement, which meant that managers and employees with high motivation would achieve high performance. Conversely, those with low performance are due to low work motivation.

### **The Effect of Utilization of Information Technology on Tax Auditor Performance with Motivation as Variable of Moderation**

The coefficient value of utilizing information technology obtained is 3.845 or a Pvalue of 0,000. These results indicate that t-statistic (3.845) is more significant than t table (1.96) or P-value (0.000) is smaller than 0.05. Therefore, it can be concluded that motivation moderates information technology utilization on tax auditors' performance. Obtained positive coefficient numbers mean that the higher the motivation, the stronger the influence of information technology on tax auditors' performance and vice versa.

Utilizing information technology is the behavior/attitude of tax auditors using information technology to complete tasks and improve their performance. Bierstaker (2001)

revealed that technology would continue to impact almost every phase of the audit process dramatically. From audits produced by computer programs to software that can test the entire population of client data, technology is fundamental for accountants to understand client business processes. Auditors who make use of new technology will be rewarded with exceptional benefits in audit efficiency and effectiveness.

For every tax auditor, having motivation can be a spirit in spurring and fostering enthusiasm at work. With motivation, a tax auditor can use appropriate information technology and is supported by his expertise to improve the agency's performance and individual concerning performance.

This result is in line with Rivai and Ella (2011). They said motivation was a series of attitudes and values that influenced individuals to achieve specific things following individual goals. These attitudes and values provide the strength to encourage individuals to behave in achieving their goals.

### **CONCLUSIONS, LIMITATIONS, AND SUGGESTIONS Conclusion**

The tax auditors' performance may be influenced by their competence, utilization of information technology, and motivation. This study indicates that the more competent a tax auditor is, the better his performance will be. Besides, this study's results indicate that utilization of information technology by a tax auditor will make his performance better. The study results also determined that motivation can increase competence and utilization of information technology in improving performance. The higher the motivation of a tax auditor is, the more optimal his performance will be.

#### **Limitation**

Although the author has tried to design and develop this research, some limitations still exist. Improvement is still needed for the subsequent research. This study involved a limited number of research subjects, as many as 153 people, so the results could not be generalized to a large group of subjects.

#### **Suggestion**

Based on the research results, the Directorate General of Taxation should improve its tax auditors' competence and utilization of information technology. Besides, this study demonstrates that motivation can increase competence and utilization of information technology in improving performance.

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